

FORM 100

CABLE TELEVISION LICENSE APPLICATION

VERIZON NEW ENGLAND INC.

QUESTION 27

EXHIBIT H

**2004 Annual Report to Shareholders
Verizon Communications Inc.**

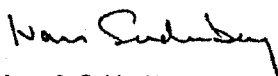
- Auditor's Letter
- Income Statement
- Balance Sheet
- Cash Flow Statement

report of management on internal control over financial reporting

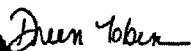
We, the management of Verizon Communications Inc., are responsible for establishing and maintaining adequate internal control over financial reporting of the company. Management has evaluated internal control over financial reporting of the company using the criteria for effective internal control established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2004. Based on this assessment, we believe that the internal control over financial reporting of the company is effective as of December 31, 2004. In connection with this assessment, there were no material weaknesses in the company's internal control over financial reporting identified by management.

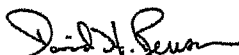
The company's financial statements included in this annual report have been audited by Ernst & Young LLP, independent registered public accounting firm. Ernst & Young LLP has also issued an attestation report on management's assessment of the company's internal control over financial reporting.



Ivan G. Seidenberg
Chairman and Chief Executive Officer



Doreen A. Toben
Executive Vice President and Chief Financial Officer



David H. Benson
Senior Vice President and Controllor

report of independent registered public accounting firm on internal control over financial reporting

To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited management's assessment, included in the accompanying Report of Management on Internal Control Over Financial Reporting, that Verizon Communications Inc. and subsidiaries (Verizon) maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Verizon's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**report of independent registered public accounting
firm on financial statements**

**To The Board of Directors and Shareowners of
Verizon Communications Inc.:**

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Verizon maintained effective internal control over financial reporting, as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Verizon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Verizon as of December 31, 2004 and 2003, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2004 and our report dated February 22, 2005 expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 22, 2005

We have audited the accompanying consolidated balance sheets of Verizon Communications Inc. and subsidiaries (Verizon) as of December 31, 2004 and 2003, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of Verizon's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Verizon at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, Verizon changed its methods of accounting for directory revenues and expenses, stock-based compensation and asset retirement obligations effective January 1, 2003.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Verizon's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2005 expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 22, 2005

consolidated statements of income

(dollars in millions, except per share amounts)

Years Ended December 31,	2004	2003	2002
Operating Revenues	\$ 71,283	\$ 67,468	\$ 67,056
Operating Expenses			
Cost of services and sales (exclusive of items shown below)	23,168	21,701	19,866
Selling, general & administrative expense	21,088	24,894	21,778
Depreciation and amortization expense	13,910	13,607	13,282
Sales of businesses, net	-	(141)	(2,747)
Total Operating Expenses	58,166	60,061	52,179
Operating Income	13,117	7,407	14,877
Equity in earnings (loss) of unconsolidated businesses	1,691	1,278	(1,547)
Income (loss) from other unconsolidated businesses	75	331	(2,857)
Other income and (expense), net	22	37	191
Interest expense	(2,384)	(2,797)	(3,130)
Minority interest	(2,409)	(1,583)	(1,404)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	10,112	4,673	6,130
Provision for income taxes	(2,851)	(1,213)	(1,539)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	7,261	3,460	4,591
Discontinued Operations			
Income (loss) from operations	1,116	(869)	53
Provision for income taxes	(546)	(17)	(69)
Income (loss) on discontinued operations, net of tax	570	(886)	(16)
Cumulative Effect of Accounting Change, Net of Tax	-	503	(496)
Net Income	\$ 7,831	\$ 3,077	\$ 4,079
Basic Earnings Per Common Share:			
Income before discontinued operations and cumulative effect of accounting change	\$ 2.62	\$ 1.26	\$ 1.68
Income (loss) on discontinued operations, net of tax	.21	(.32)	(.01)
Cumulative effect of accounting change, net of tax	-	.18	(.18)
Net Income	\$ 2.83	\$ 1.12	\$ 1.49
Weighted-average shares outstanding (in millions)	2,770	2,756	2,729
Diluted Earnings Per Common Share:			
Income before discontinued operations and cumulative effect of accounting change	\$ 2.59	\$ 1.25	\$ 1.67
Income (loss) on discontinued operations, net of tax	.20	(.31)	(.01)
Cumulative effect of accounting change, net of tax	-	.18	(.18)
Net Income⁽¹⁾	\$ 2.79	\$ 1.12	\$ 1.49
Weighted-average shares outstanding (in millions)	2,831	2,832	2,789

(1) Total per share amounts may not add due to rounding.

See Notes to Consolidated Financial Statements.

consolidated balance sheets

At December 31,

(dollars in millions, except per share amounts)

	2004	2003
Assets		
Current assets		
Cash and cash equivalents	\$ 2,290	\$ 669
Short-term investments	2,257	2,172
Accounts receivable, net of allowances of \$1,670 and \$2,382	9,801	9,854
Inventories	1,535	1,262
Assets of discontinued operations	-	705
Assets held for sale	950	-
Prepaid expenses and other	2,646	4,233
Total current assets	19,479	18,895
Plant, property and equipment	185,522	180,940
Less accumulated depreciation	111,398	105,638
	74,124	75,302
Investments in unconsolidated businesses	5,855	5,789
Wireless licenses	42,090	40,907
Goodwill	837	835
Other intangible assets, net	4,521	4,702
Other assets	19,052	19,538
Total assets	\$ 165,958	\$ 165,968
Liabilities and Shareowners' Investment		
Current liabilities		
Debt maturing within one year	\$ 3,593	\$ 5,967
Accounts payable and accrued liabilities	13,177	14,652
Liabilities of discontinued operations	-	76
Liabilities related to assets held for sale	525	-
Other	5,834	5,885
Total current liabilities	23,129	26,580
Long-term debt	35,674	39,413
Employee benefit obligations	17,941	16,754
Deferred income taxes	22,532	21,704
Other liabilities	4,069	3,703
Minority interest	25,053	24,348
Shareowners' investment		
Series preferred stock (\$.10 par value; none issued)	-	-
Common stock (\$.10 par value; 2,774,865,381 shares and 2,772,313,619 shares issued)	277	277
Contributed capital	25,404	25,363
Reinvested earnings	12,984	9,409
Accumulated other comprehensive loss	(1,053)	(1,250)
Common stock in treasury, at cost	(142)	(115)
Deferred compensation-employee stock ownership plans and other	90	(218)
Total shareowners' investment	37,560	33,466
Total liabilities and shareowners' investment	\$ 165,958	\$ 165,968

See Notes to Consolidated Financial Statements.

consolidated statements of cash flows

Years Ended December 31,	2004	2003	(dollars in millions) 2002
Cash Flows from Operating Activities			
Income before discontinued operations and cumulative effect of accounting change	\$ 7,261	\$ 3,460	\$ 4,591
Adjustments to reconcile income before discontinued operations and cumulative effect of accounting change to net cash provided by operating activities:			
Depreciation and amortization expense	13,910	13,607	13,282
Sales of businesses, net	-	(141)	(2,747)
Employee retirement benefits	1,999	3,048	(500)
Deferred income taxes	1,842	826	1,706
Provision for uncollectible accounts	1,181	1,789	2,886
(Income) loss from unconsolidated businesses	(1,766)	(1,609)	4,404
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses:			
Accounts receivable	(1,617)	(938)	(952)
Inventories	(274)	(80)	473
Other assets	578	101	338
Accounts payable and accrued liabilities	(1,930)	2,657	(1,438)
Other, net	636	(253)	39
Net cash provided by operating activities	21,820	22,467	22,082
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(13,259)	(11,874)	(13,052)
Acquisitions, net of cash acquired, and investments	(1,196)	(1,162)	(1,088)
Proceeds from disposition of businesses	1,720	229	4,638
Proceeds from spectrum payment refund	-	-	1,740
Net change in short-term and other current investments	(100)	(120)	(216)
Other, net	2,492	691	1,187
Net cash used in investing activities	(10,343)	(12,236)	(6,791)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	514	4,653	7,820
Repayments of long-term borrowings and capital lease obligations	(5,198)	(10,759)	(8,391)
Decrease in short-term obligations, excluding current maturities	(783)	(1,330)	(11,024)
Dividends paid	(4,262)	(4,239)	(4,200)
Proceeds from sale of common stock	320	839	915
Purchase of common stock for treasury	(370)	-	-
Other, net	(77)	(123)	71
Net cash used in financing activities	(9,856)	(10,959)	(14,809)
Increase (decrease) in cash and cash equivalents	1,621	(728)	482
Cash and cash equivalents, beginning of year	669	1,397	915
Cash and cash equivalents, end of year	\$ 2,290	\$ 669	\$ 1,397

See Notes to Consolidated Financial Statements.